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ABSTRACT

As one in a series of eight articles written by different professionals concerned with Alaska Native land claims, this article focuses on potential economic development of local and regional areas via Native management of funds derived from the Alaska Native Claims Settlement Act. Designed to stimulate careful political/historical reading and discussion at an advanced secondary or adult level, this booklet presents a vocabulary list which includes such terms as: paternalism, financial institutions, revenue producing lands, etc. Among the major issues presented in the text are: (1) the economic responsibility inherent in the size of the Native Settlement (40 million acres of land to be selected by Native villages and regional organizations and $967,500,000 to be distributed to regional organizations within 10 years); (2) the pressures which brought about extreme positions regarding the organizational structure that could best manage lands and funds (statewide corporations vs. regional or village control); (3) the organizational structure provided under the Settlement Act (essentially a philosophy advocating village preservation via guaranteed lands and funds in conjunction with guidance from regional corporations); (4) future provision for a centralized structure comparable to the Alaska Federation of Natives to prevent financial waste and promote centralized investments. (JC)

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One of a Series of Articles on

THE NATIVE LAND CLAIMS

RC009080

NEW TRIBES FOR NEW TIMES

By

Guy Martin
Alaska Legislative Aide
to the Late Congressman, Nick Begich

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JUNE 1975

TO THE READER

This booklet is one of a collection of articles written by people who are interested in Native land claims. As you will see, all of the people do not agree. They present their ideas for you to read and discuss. You may be excited about some of their ideas because you think they are absolutely right, or very wrong. When you have finished reading the articles, you will probably have done a lot of thinking about Native land claims and Alaskan politics.

Politics is not an easy field to understand. And yet politics is what the Native land claims are all about. Most of the articles were written by people who have spent a lot of time working in the world of politics. These people have a whole vocabulary which most students have not yet learned. So, to help students understand the reading, there is at the beginning of each article a list of definitions of terms. Any words in *italics* are explained for you at the beginning of that article, or an earlier one.

At the end of some articles are questions which you can ask yourself. In the margin, next to the question are numbers. If you go back to paragraphs in the article with the same numbers, and reread, you can increase your understanding. We cannot say you will always have definite answers but you may form your point of view.

ARTICLES AND AUTHORS

Stock, Corporations, and the Native Land Claims Settlement	Stephen Conn Associate Professor of Law ISEGR, University of Alaska
Environmental Issues in the Land Claims	Guy Martin Alaska Legislative Aide to the Late Congressman, Nick Begich
New Tribes for New Times	Guy Martin Alaska Legislative Aide to the Late Congressman, Nick Begich
The Politics of Passage	Guy Martin Alaska Legislative Aide to the Late Congressman, Nick Begich
Politics and Alaska Natives	Harold Napoleon Director, Yupiktak Bista
Village Alaska	Harold Napoleon Director, Yupiktak Bista
Future Land Use Planning Alternatives for Alaska	Walter B. Parker Associate in Systems Planning Arctic Environmental Information and Data Center University of Alaska
Planning How to Use Land in Village Alaska	Bob Weeden Professor of Wildlife Management University of Alaska

NEW TRIBES FOR NEW TIMES

Those who care the most about the success of the Alaska Native Land Claims settlement will not decide that it is a success because it is the largest Indian settlement ever made in the United States, or because it appears to place great wealth in the hands of so few people. Those who really care, and know the history of such settlements, will wait for five, ten or twenty years to make a decision on its success.

They will wait because they know that the history of such settlements is not a happy one. Far too often, what American Indians received in return for the loss of their land was too little, not really sensitive to their needs, and totally without the element of self-determination that allows any group of people to decide what to do with their lives. The land and money which came in such settlements was often gone in a few years, wasted and stolen, leaving little behind but poverty, dependence and bitterness. If, in enough years to tell, Alaska's Natives are a healthy, productive, unified and proud people, enjoying the full life of all citizens, but still able to relate to their own heritage, then perhaps it will be possible to speak of success. For those who wonder about such things, this will be the time that the meaning of "take our land, take our life" might be discovered.

Although many parts of the settlement will be important for success, such as the amount of land and money included, few factors will be as important as the structure for Native organization and the distribution of power and authority which the Settlement Act created. The fact is that this structure must work well for the settlement to succeed, because rarely has so much responsibility and power passed to American Indians in a settlement, along with enough land and financial resources to allow it to work.

The size of the settlement is quite large. Forty million acres of land will be selected by Native villages and regional organizations, and **most** of it will be valuable for mineral, timber, and other natural resources. Forty million acres is more land then twenty-nine of the States have, and is about one-half the size of California. The cash settlement totals $962,500,000., most of which will be distributed to villages and regional organizations within ten years.* This cash settlement of nearly one billion dollars is almost twice as much as all the money which was on deposit in all the banks of Alaska on the day of

*See Table 1, which shows a possible projected pay-out. Prepared by Robert R. Nathan Associates, Inc., 1972.

the settlement. It is much more than twice the budget for the State of Alaska for the year of the settlement.

None of this is to make the settlement seem larger or more generous than it really is, but to show the challenge and responsibility Native organizations have to see that the land and money are managed and used in a way which avoids the mistakes of the past, and returns the greatest benefits for the Alaska Natives and their State. Most of those closely associated with the settlement were well aware of the failures of the past, and wanted to avoid them this time.

It might be useful to briefly put yourself in the place of those who were working on the settlement, and to consider the things that they knew the Native organizations would have to be able to do. First, a great deal of land would have to be carefully selected, considering different needs in different areas, and looking far ahead to the value that the land might have in twenty to fifty years. Decisions would have to be made regarding who would own the land, who would manage it, and how it would be used and developed.

Millions of dollars in cash and other revenues would be received by Native organizations each year, and policies would have to be made for the distribution of these funds. What amounts should be invested, or spent on programs to answer important needs, or simply distributed to individuals and villages?

A structure would have to be established which fairly allowed all Natives to have a voice in the selection of their goals - a democratic structure. It would have to be a structure which would help in the formation of close working relationships between Alaska Natives and the State of Alaska, its business, financial and service communities, and the federal government. Finally, it would have to be a structure which would contribute to the life of all people in Alaska, and build toward all of the state's people getting along.

In summary, these are the sorts of responsibilities that are placed on the Nation's largest businesses, on its city governments, and on its states. Now, they would be placed on Alaska Natives, and the structure which the Settlement Act created.

To reach these goals, three basic levels of Native organization were suggested,

with a wide variety of plans for distributing power and resources among them. These Native organizations existed at the village level, the regional level, and the statewide level. Each had assets and liabilities for the task ahead which might be important in the future.

When the settlement bill was discussed, there was much disagreement on the best method to make it all work. The Native organizational structure established in the final bill is a result of the struggles over the issues mentioned below. It is certain that life in Alaska for years to come has been shaped by the bill.

One central issue was the question of self-determination for American Indians. Why, some argued, should Congress set out any rules at all regarding the way that Alaska's Natives organized to receive and manage the settlement? Such an argument was certainly a reaction to past history, when Indian land settlements had been decided by *paternalistic* rules of Congress, and supervised by the Interior Department with its Bureau of Indian Affairs.

Although some older and conservative members of Congress still leaned toward such a theory, and militant Native leaders were bitterly against it, very few persons who had a part in the settlement really argued either of the extreme positions on self-determination. In fact, the Alaska Natives' own bill contained a complete structural plan for the settlement. What the Natives asked was that the organizational structure be based largely on their own suggestions, and that the role of the federal governemnt be one of helping, rather than supervising.

As it turned out, the final bill did set out a complete structural outline for Native organization, and one which was agreed by most to allow for self-determination. The structure which the settlement provided was largely like the one suggested by the Natives. Where the structure did not exactly follow the Native position, as set out by the Alaska Federation of Natives, it was because of some of the other strong pressures which developed.

One of the strongest pressures was caused by those who realized that, after the settlement, the Alaska Natives would become one of the most powerful economic, social, and political forces in the State of Alaska. It was obvious to such people that a Native organization which was basically centralized and statewide would increase the power of the Natives by concentrating the

wealth and leadership.

Such an organization was feared as a power which would compete with the largest business interest of Alaska, with its *financial institutions* and with the state government itself. Even for those who felt that such economic and political power for the Natives was long overdue, some people believed that no group largely defined by race should compete with the state government which represented all the people.

Another of the major pressures which was closely related to the question of central versus local organization was the issue of the Native village, and its continuing role after the settlement. Most people saw the village as the basic traditional level of Native organization, with the regional organizations and the statewide AFN developing later, most recently as ways to win the land claims settlement. As the land claims struggle developed, an interesting contradiction came to the surface: the land claims themselves were based on the traditional subsistence use of Alaskan land by Native villagers for many years, yet in the battle for settlement, it looked as if the traditional values of the villagers might be sacrificed. From time to time, there were strong speeches from villages and individuals saying that they did not want to see a settlement which was based on the village way of life become a settlement that helped to end this way of life..

All the pressures of Indian life in modern America were involved. Should the settlement be one which was modern in all respects, or one which helped to recapture the past? If it was to be a modern settlement, then perhaps it should be admitted that the village way of life was dying, and that the new Native was interested more in economic development than in the traditional life of the village. If there was no economic development in the village, then the cities, jobs, and education were the answers. To carry out such a settlement, the settlement land should be *revenue-producing* land rather than the hunting and fishing lands around villages. The control of the land and money should be centralized, where it could be best managed and invested to make more money. The money should be used to create programs to make cultural changes easier.

On the other hand, if the settlement were to be a traditional one, then the land should be subsistence land nearby the villages, and the villages should control the land as they did in the past. The money should also go largely to

the villages to help in protecting the land, and to the people in the villages to help them to buy the things that could make life in the village easier.

Still another controversy was the question of what the settlement would actually mean. Some felt that it would mean the end of the responsibility of the federal government to provide services (education, health care, transportation, communications, and all the other programs that were so vital in Alaska) to Alaska Natives. Others, including the Natives, the Alaska delegation to Congress, and the State of Alaska, considered such an idea nonsense. They understood that the settlement would only pay the Alaska Natives to give up their strong claims to much of the land of Alaska.

The result of this controversy was very important. If the settlement meant the end of all the services and programs, then the Native organizational plan and the resources of the settlement would have to go almost entirely to supplying the health, education and other services which were lost. There was good reason to believe that the cost of such losses was so high that *no* settlement would have been better than a bad one.

In the end, there were really very few who seriously argued that the settlement released the federal government from its responsibilities, although the settlement act does include a special provision which requires that all of the special programs for Alaska Natives be reviewed within three years, and reconsidered by Congress at that time.

The important thing is to understand all these pressures acting together, causing many different opinions regarding the best organizational structure. Positions were taken both for good and bad motives. Those who supported a structure were taken both for good and bad motives. Those who supported a structure which was centered around statewide corporations could have done so for any of these reasons:

1. to preserve the AFN

2. because they believed it the best way to retain the benefits of the settlement for all Natives

3. because they believed the village way of life was dying anyway

4. because they believed Natives should be able to always speak with one voice as they did through most of the land claims battle.

Those who rejected central Native organizations, and favored power for the villages, could have done so because:

1. they felt that the village way of life must be preserved.

2. they never wanted the Natives to gain real power in the state

3. they did not want the AFN to survive

4. because they believed the will of the Native people could only be felt through the villages.

In between these extremes, there were many other positions, all with *assets* and *liabilities,* and all having a wide variety of reasons.

Out of these controversies came the final plan of Native organization, and the force of many pressures was obvious in the result. If there could be one important conclusion about the final plan, it is that a statewide Native organization, and indirectly the AFN, was the victim of the compromise. The settlement provides for village and regional corporations, and for both villages and regions to receive land and money, but no statewide organization is authorized. If the AFN, or any statewide Native organization, is to survive, it will have to do so only because it is necessary and because the Native people want it. Many times during the settlement talks, it had been said that a statewide Native organization was essential and inevitable; now this will be tested.

What the Settlement Act does provide is for the formation of corporations for every village with over 25 natives, which will mean about 220 villages. It also provides for twelve regional Native corporations based on the regions the Natives themselves had established. The philosophy which seems to tie the system together is that the villages must be preserved, and must be given land and guaranteed funds, but that they should be given guidance and assistance by their regional corporation. In this, the settlement recognizes that the villages can make the best decisions about their own needs and desires, but that the best pool of leadership and resources to help accomplish these things will come from the grouping of villages in a regional corporation. It will be a later decision whether the greatest resources and leadership should be from a voluntary statewide organization. If this choice is made, it is possible that it

*See Table 1.

will be a better and stronger statewide organization because it is voluntary.

For now, the basic structure of the bill divides power and resources between village and regional corporations. The village receives surface ownership of the land which surrounds the village so that subsistence use may be protected. Also, the villages in a region are automatically entitled to about one-half of all the money which comes to the regional corporation, with the money divided among the villages based on their populations.* The villages may then use and control their land and money as they decide, except that village plans must be approved by the regional corporation before they are carried out.

The regional corporation will own the subsurface, or mineral, interests in the land of the village, and will also have full ownership of other land, The regional corporation will get one-half of all money received. The other half is distributed to its villages. Although the regional corporation will have the mineral rights to all land, and with it the right to develop the land, no mineral development can take place on the village land without village permission.

What the structure seems to do is to provide both the village and the regions with land and money resources, and with certain powers to use and control those resources. Also, each has some degree of independence, yet it can be controlled for some things. It is hoped that a natural pattern of cooperation and assistance will develop by which both the villages and the regions make decisions which will work.

It seems likely that a natural group of leaders and experts will grow at the regional level, and if a statewide organization survives, a group will grow there too. The natural pattern should be for these more centralized levels of organization to supply all of the services, advice, and assistance that the villages would be foolish to undertake individually.* Among these functions might be a *centralized investment* plan along with regional or statewide bands and lending agencies. Also, it seems likely that the regional level will be best suited to provided legal counsel, planning and consulting services, business and accounting services, as well as the management for the mineral development of the regional lands. Nearly all of these are functions that villages could undertake, but to do so would be to repeat effort over and over; it could be done better by the regional corporation.

In the first months and years after the settlement, the time of the villages and regions will be largely devoted to the basic functions of the settlement. These

*See Chart 1, which sets out a possible regional corporation structure showing some of the many possible services. Prepared by Robert Nathan Associates, Inc., 1972.

functions will include forming solid organizations in every village and in every region. Legal incorporation is necessary under the Act. And good communications must be established. Next, each organization must establish a strong system for future planning; planning for land selection and use, for investments, for projects and programs, and for all the other goals of the village or region. Finally, the land selections themselves must be studied and made, and the first financial decisions carried out.

At the time these first functions are well under way, the villages and regions might begin to look ahead of the process of organization, and consider making specific future plans. By this time the systems should be working well, and natural and trained leaders will be showing up. Then, it will be time to consider the wide variety of projects, programs and other uses of the settlement resources for the benefit of the villages and the regions.

The structure is designed to allow for all sorts of ideas, and it is certain that a wide variety of choices will be made: loan programs to assist Native businesses, cooperative ventures in fishing, processing, food storage, and village supply stores, electric power cooperatives; banks and credit unions, housing and community building projects, urban Native programs of every type; programs to share and protect Native culture; roads, airports, and other transportation projects; the development of village stores, restaurants, repair services and other businesses producing new jobs in the villages, financing programs for fishing boats and aircraft; Native marketing systems for fish, timber, crafts; programs to add to present educational programs; plus as many others as imagination and hard work can produce.

To accomplish so many goals, an equally wide variety of partnerships and helping arrangements will be formed. Individual villages may act alone, or join with a few others toward common goals. For larger programs, villages may combine with their regional corporation or a complete regional program might be established. Perhaps most important will be the cooperative arrangements established between regions or villages and the state or federal governments. Such arrangements, where Native resources are used as matching funds for an equal amount of government resources, will permit broad programs in education, health, transportation, and other necessary services.

At the end of this list of broad expectations for the village and regional corporations, it is well to note a possibility at the opposite end of the scale. That possibility is to distribute direct cash payments, called per capita distributions, to the people of the villages or regions to spend as they wish. Although the past experience with such payments is that such funds are often wasted or lost, there are arguments that the people who have waited so long for settlement deserve to directly receive some of its benefits.

In one of the few strict controls over organization and distribution in the Settlement Act, it is provided that for the first five years after settlement, every enrolled Native will receive his direct per capita share of 10% of all income received by the regional corporation. Cash payments will be made every three months. For many elderly Alaska Natives, this may represent the only part of the settlement they experience in their lifetime.

Villages and regions must decide whether to pay out more than 10% of their income to individual people. This alternative is in contrast to those of developing health care programs, banking, investment, and education. The decision process will be free, but hardly easy. At this point, imagination is a better guide than a list in a book. If the regional and village corporations are organized so as to truly represent the people, and if they are well organized and prepared before the most important decisions are made, there will be few barriers to progressive ideas. The settlement Act provides few limitations, and the range of resources and possibilities is a broad one.

In the final analysis, it is tempting for some to say that the fate of the Natives is now in their own hands, but it is not so. Although the settlement and its Native structure bring new meaning to self-determination, the success of the settlement still must turn on the efforts of everyone in Alaska to make it work.

Guy Martin
Alaska Legislative Aide
to the Late Congressman, Nick Begich

TERMS

PATERNALISM	comes from the Latin word father. It is taking care of people and making decisions for them as if they were children.
FINANCIAL INSTITUTIONS	banks and businesses whose main activity is lending and investing money.
REVENUE-PRODUCING (land)	land that people are making money from.
ASSETS	strong points; pluses.
LIABILITIES	weaknesses; minuses.
CENTRALIZED INVESTMENT	many people's pooling of time, money, labor, or land to make a profit
LEGAL INCORPORATION	forming a corporation by applying to Juneau for legal recognition.
MATCHING FUNDS	amounts of money given by the government or some organization to go along with the money raised by local people. Often if a town can raise money for some project, the government will give them an equal amount.
PER CAPITA	per person, including children as people.

Chart. 1

AN ILLUSTRATIVE ORGANIZATION CHART OF A REGIONAL CORPORATION

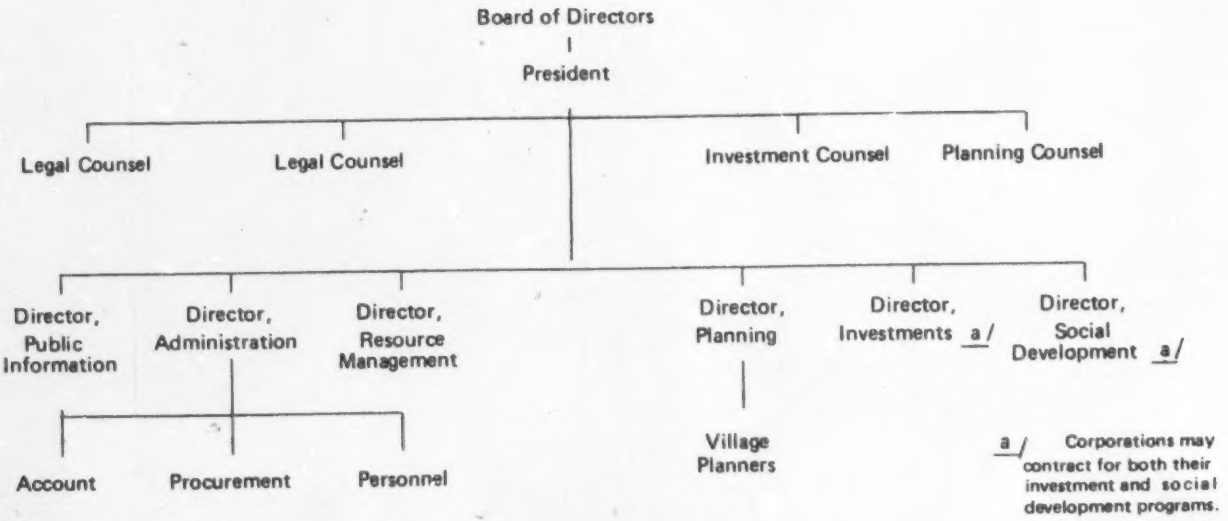

TABLE 1

a/ Estimated Annual Appropriation from the Native Fund to the Twelve Regional Corporations
(in millions of dollars)

b/ Year	Native fund		Arctic Slope	N.W.	Bering Straits	Tanana Chiefs	AVCP	Aleut	Bristol Bay	Cook Inlet	Copper River	Kodiak	Chugach	Tlingit-Haida
	Federal share	c/State royalties	5.5%	6.7%	8.7%	11.8%	22.3%	3.5%	6.3%	12.0%	0.8%	3.8%	2.4%	16.2%
	d/													
1972	10	1	0.6	0.7	0.9	1.3	2.4	0.4	0.7	1.3	0.1	0.4	0.3	1.8
1973	50	1	2.8	3.4	4.4	0.6	11.4	1.8	3.2	6.1	0.5	1.9	1.2	8.3
1974	70	1	3.9	4.7	6.2	8.4	15.8	2.5	4.5	8.5	0.6	2.7	1.7	11.5
1975	70	3.3	4.6	5.6	7.2	9.8	18.6	2.9	5.2	.10	0.7	3.2	2.1	13.5
1976	70	26.5	5.3	6.5	8.4	11.4	21.5	3.4	6.1	11.6	0.8	3.7	2.3	15.6
1977	40	29.5	3.8	4.6	0.6	8.2	15.4	2.4	4.3	8.3	0.5	2.6	1.7	11.2
1978	30	31.0	3.3	4.1	5.3	7.2	13.6	2.1	3.8	7.3	0.5	2.3	1.5	9.9
1979	30	32.7	3.4	4.2	5.4	7.4	0.14	2.2	3.9	7.5	0.5	2.4	1.5	10.1
1980	30	34.6	3.5	4.3	5.6	7.6	14.4	2.3	4.1	7.7	0.5	2.4	1.5	10.5
1981	30	36.3	3.6	4.4	5.8	7.8	14.8	2.3	4.2	7.9	0.5	2.5	1.6	10.7
1982	30	38.6	3.8	4.6	0.6	0.9	15.3	2.4	4.3	8.2	0.5	2.6	1.6	11.1
1983		39.1	2.1	2.6	3.4	4.6	8.7	1.4	4.7	4.7	0.3	1.5	0.9	6.3
1984		39.1	2.1	2.6	3.4	4.6	8.7	1.4	4.7	4.7	0.3	1.5	0.9	6.3
1985		39.1	2.1	2.6	3.4	4.6	8.7	1.4	4.7	4.7	0.3	1.5	0.9	6.3
1986		39.1	2.1	2.6	3.4	4.6	8.7	1.4	4.7	4.7	0.3	1.5	0.9	6.3
1987		40.1	2.2	2.7	3.5	4.7	8.9	1.4	2.5	4.8	0.3	1.5	1.0	6.5
1988		40.1	2.2	2.7	3.5	4.7	8.9	1.4	2.5	4.8	0.3	1.5	1.0	6.5
1989		10.2	0.6	0.7	0.9	1.2	2.3	0.3	0.6	1.2	0.1	0.4	0.2	1.7
1990		4.0	0.2	0.3	0.3	0.5	0.9	0.1	0.2	0.5	—	0.1	0.1	0.6
1991		4.0	0.2	0.3	0.3	0.5	0.9	0.1	0.2	0.5	—	0.1	0.1	0.6
Total	462.5	500.0												

a/ The table assumes that (1) Alaska Natives who are permanent residents of the lower 48 states will not elect to create a 13th corporation, and (2) the distribution of Natives in the lower 48 states among the 12 regional corporations will result in the same regional percentages of the total Native population as was estimated from the 1970 census resident Native population.

b/ Appropriations paid into the Native Fund will not be distributed until the enrollment has been completed and the regional associations are incorporated in accordance with Alaska State law and are approved by the Secretary of Interior.

c/ Projections based largely on the Prudhoe Bay royalty income estimates contained in Alaska Pipeline Report by A. R. Tussing, G. W. Rogers, and V. Fischer, ISEGR, 1971, pg. 79.

d/ $2.5 million of the first appropriation will be used to pay for attorneys' fees and the lobbying expenses of Native associations.